



**MINUTES
CITY COUNCIL WORK SESSION
September 6, 2022**

CALL TO ORDER

The meeting was called to order at 5:30 pm.

Present: Mayor: Charlie Miner; Council: Deirdre Kvale, Mike Feldmann, Jahn Dyvik, and Gina Joyce

Staff Present: City Administrator: Scott Weske; and Fire Chief: James Van Eyll

Absent: None

APPROVE AGENDA

A motion was made by Miner, seconded by Feldmann, to approve the agenda as presented. Ayes: all.

OPEN CORRESPONDENCE

Sam Rettinger, 425 Lake Street – Mr. Rettinger requested that the Council allow him to speak to the City Attorney and then asked that they hold an Executive Session Council meeting. He stated that he has some information that he believes should be shared and feels it will make a big difference in the discussions related to the Fire Department. City Administrator Weske asked that Mr. Rettinger leave his contact information with City Clerk Moeller so that arrangements can be made for him to speak to the City Attorney.

BUSINESS ITEMS

Discussion of Preliminary 2023 Budget and Levy

Weske gave an overview of the current preliminary 2023 budget and levy proposal. He highlighted that budget factors include there being no LGA (Local Government Aid) for 2023; a 3% cost of living adjustment (COLA) increase for all employees has been budgeted; and the Police services contract expense is anticipated to increase about 5%.

Council member Kvale questioned some of the dollar figures included in the table that outlined salary allocations and noted that she believes some of them may be a bit off.

Weske replied that he would re-run those numbers to see if there was an error made.

Council member Dyvik pointed out that the line item for Fire Department Administration in the salary allocations table was a bit confusing because that number would not just be for Long Lake.

Council member Kvale stated that she also found it confusing because it is difficult to determine what the City's salary budget actually is.

Council member Dyvik indicated that if he was understanding the table correctly, the bottom line of the table that says the total budget for 2023 of \$643,200.91 really didn't mean anything, because the Fire Department Administration salary was mixed in with salary expenses that are all Long Lake.

Weske explained that Fire Chief Van Eyll is a Long Lake employee and not a Fire Department employee.

Council member Kvale reiterated that she found the way the salary table had been laid out to be confusing.

Council member Dyvik mentioned that perhaps there could be a line item added to the table to show that there is additional revenue that comes in from Orono and Medina for the Fire Department expenses.

Council member Kvale clarified that she would like to just know the City's expenses and the City's revenue.

The Council reviewed and discussed various budget items such as the Minnetonka Beach contract for fire services and other various Fire Department items. They discussed salary allocations, operation costs, and a potential preliminary levy amount.

Council member Dyvik noted that he understood the preliminary levy information was put together with the idea of keeping the tax rate flat, but commented that he was not comfortable with that in light of current inflation. He stated that he would like to see the City reduce its tax rate and suggested an 8% overage rather than 18%.

Weske responded that he appreciated Council member Dyvik's sentiment and explained that this may have been the hardest budget that he has ever had to put together because of the anticipated impact of large property value increases. He added that the current meeting materials were simply prepared in a manner to show the Council how the preliminary levy would fair if following a similar method to past years, with the thought that the Council could make a decision on what is actually to be done for 2023.

Council member Feldmann reflected that he had concerns that the City has certain expenses and the City has that will also be experiencing inflation. He noted that he would like to know what the unknown inflationary pieces of the budget may be.

Council member Kvale observed that she thinks people don't really notice what the tax rate is and truly just care more about how much they have to write their check for.

Council member Dyvik suggested a scenario where the overall levied funds increase would be less than double digits, such as 9%.

Weske indicated that he could put together budget numbers for Council review that show what a 1%-12% increased dollar amount would be and what the tax rate would be at each percentage point.

Council member Kvale inquired how much money was currently in the Pavement Management Fund.

Weske indicated that he would print that information to provide to Council member Kvale the following day.

The Council discussed franchise fees and cell tower fees.

Council member Dyvik asked when the Council would be discussing the enterprise funds again. He asked if the deficit in those funds was trending deeper every year or if the fund deficits were holding steady.

Weske stated that enterprise fund balances will once again be negative and provided a review of the projected amounts.

Mayor Miner closed in asking that staff bring additional information back for Council discussion at the September 20, 2022 meeting.

Weske reminded the Council that once the preliminary budget and levy is set at the end of September, the final levy can be decreased but may not be increased over the preliminary amount.

OTHER BUSINESS

Response to Fire Department Command Vehicle Purchase - Mayor Miner reported that there was a letter that had been forwarded from Orono regarding the truck purchases and the budget. He stated that the Orono City Administrator indicated that Orono did not approve the 2022 budget. He asked Fire Chief Van Eyll what he felt the disconnect was in this situation. Fire Chief Van Eyll responded that the Mayor's question was a great one because nothing had been changed in the 14 years that he had been involved in the annual budget process. The budget is presented each year at the Fire Advisory Board whose members then took it back to their Councils, and then the Councils make approvals on the budget. He added that he was unsure where the disconnect had taken place over the last few years, but he will follow up and see if he can figure it out. He noted that they had sent them a copy of the budget and the 15 year capital plan. Weske commented that, to him, it appears that it was pretty much Orono's error. Van Eyll explained that moving forward, they would be more diligent in sending them clear statements about the final budget, asking for confirmation that they have received the information, and ensuring it makes it onto their meeting agenda for official action.

ADJOURN

Hearing no objection, Mayor Miner adjourned the meeting by general consent at 6:30 pm.

Respectfully submitted,

Scott Weske
City Administrator